

Message Text

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16

ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 IO-13 ADP-00 AF-10 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

OMB-01 RSR-01 /203 W

----- 116807

P R 011238Z AUG 73

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 6359

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY TEL AVIV

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FROM MALMGREN AND RENNER

E.O. 11652: N/A

TAGS: ETRD, SP, EEC

SUBJECT: CONSULTATION WITH GOS ON EC TRADE AGREEMENT

REF A. STATE 142233 B. MADRID 4094

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1. SUMMARY: A USEFUL EXCHANGE TOOK PLACE AT THE JULY 31

MEETING BETWEEN GOS OFFICIALS AND AMBASSADOR MALMGREN AND DEPUTY ASSISTANT SECRETARY RENNER. THE GOS TEAM WAS HEADED BY FOREIGN OFFICE DIRECTOR GENERAL OF ECONOMIC INTERNATIONAL RELATIONS JOSE LUIS CERON. IT WAS INFORMALLY AGREED THAT WHENEVER U.S. DESIRED FURTHER RELATED DISCUSSIONS THEY WOULD BE WELCOMED BY THE GOS BUT FORMAL SCHEDULE FOR CONSULTATIONS WAS NOT AGREEABLE TO SPANISH GOVT. END SUMMARY.

2. U.S. SIDE DESCRIBED THE POLITICAL AND ECONOMIC REASONS FOR DEALING AT THIS TIME WITH PRESENT EC-SPAIN AGREEMENT AND NEED FOR CONSULTATION DURING NEGOTIATION OF NEW AGREEMENT, TO TAKE INTO ACCOUNT U.S. INTERESTS.

3. HOWEVER, CERON SAID THAT, DUE TO WELL KNOWN POLITICAL CONSIDERATIONS, FULL MEMBERSHIP WAS SOMETHING FOR THE FUTURE. AIM OF CURRENT NEGOTIATION WAS GATT CONSISTENT FREE TRADE AREA COVERING BOTH INDUSTRIAL AND AGRICULTURAL PRODUCTS.

4. U.S. SIDE POINTED OUT THAT SINCE ULTIMATE GOAL IS FULL MEMBERSHIP, GOS SHOULD BEGIN ALIGNING ITS TARIFFS TO THIRD COUNTRIES WITH THE COMMUNITY'S CXT. CERON RESPONDED THAT SPAIN PROBABLY WOULD REDUCE ITS TARIFFS TO THIRD COUNTRIES WITHIN THE CONTEXT OF THE MTN OR PERHAPS THROUGH THE MEDIUM OF BILATERAL NEGOTIATIONS.

5. CERON ALSO CONFIRMED THAT THE IMPORT LIBERALIZATION PROGRAM OF THE GOS HAD BEEN BROUGHT TO A STANDSTILL AND WOULD REMAIN THERE UNTIL CURRENT NEGOTIATION WITH THE EEC WAS CONCLUDED.

6. U.S. SIDE THEN HANDED OVER LIST OF SPANISH PREFERENCES FOR EC PRODUCTS WHICH WERE OF INTEREST TO U.S., ON STRICTLY INFORMAL BASIS, AND ASKED FOR COMMENTS AT AN APPROPRIATE TIME.

7. CERON SAID THEY WOULD LOOK AT THE LIST BUT EMPHASIZED THAT WE MUST CONSIDER THE FUTURE NOT THE PAST. THE PRESENT AGREEMENT WAS TRANSITIONAL, AND PART OF THE PAST. IN LIMITED OFFICIAL USE

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THE NEW SITUATION, FULL MEMBERSHIP WAS A LONG-TERM PROBLEM, WHEREAS IN THE SHORT-TERM THE LIKELIHOOD WAS FOR A FREE-TRADE-AREA. IN THIS LATTER CASE HE WONDERED TO WHAT EXTENT THIS WOULD REPRESENT A PROBLEM FOR THE U.S., SPECIFICALLY AS TO AGRICULTURAL COVERAGE, AND WE REPLIED THAT WE WOULD CONTINUE TO OPPOSE AGREEMENTS NOT FULLY CONSISTENT WITH GATT.

8. WE REQUESTED PERIODIC BILATERAL MEETINGS WITH THE SPANISH BEGINNING IN OCT TO KEEP TRACK OF WHERE THEY WERE GOING IN THEIR NEGOTIATION AND GIVE US OPPORTUNITY TO DEAL WITH OUR TRADE INTERESTS, BOTH PRESENT AND POTENTIAL. CERON RESPONDED THAT (1) OCT WOULD BE TOO EARLY SINCE THERE WOULD BE NO SIGNIFICANT DEVELOPMENTS TO DISCUSS BY THAT TIME, AND (2) HE DID NOT THINK IT WISE TO FORMALIZE A CONSULTATIVE PROCEDURE. HE DID AGREE TO MEET WITH MALMGREN AND RENNER, OR OTHER U.S. REPS, ON ANY CONVENIENT OCCASION WHEN IT MIGHT BE REQUESTED FOR THE PURPOSE OF DISCUSSING THE SUBJECT MATTER. IN EFFECT, THERE WAS AN INFORMAL AGREEMENT TO MEET INFORMALLY IN THE FUTURE.

9. CERON RAISED THE QUESTION OF WHETHER THE TARIFF CONCESSIONS SPAIN WOULD GRANT THE COMMUNITY IN THE EVENT THAT IT BECOMES A FULL MEMBER WOULD DISQUALIFY IT FROM CONSIDERATION AS A BENEFICIARY OF THE GENERALIZED PREFERENCE SCHEME INCORPORATED IN THE TRADE LEGISLATION PACKAGE. IT WAS ACKNOWLEDGED BY MALMGREN THAT THE TRADE BILL BASICLY REFERS TO CONCEPT OF TRADE DISCRIMINATION. CERON POINTED OUT THAT THIS LANGUAGE COULD THEN EVEN BE INTERPRETED TO EXCLUDE THE MEMBER COUNTRIES OF LAFTA AND THE YAOUNDE CONVENTION AS WELL AS PRACTICALLY ALL OTHER DEVELOPING COUNTRIES WHICH HAVE SIMILAR AGREEMENTS. MOREOVER, COMPETITORS OF SPAIN MIGHT BE GIVEN SPECIAL ADVANTAGES, LIMITING SPANISH TRADE.
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